

FISCAL NOTE

Bill #: HB0672

Title: Refund of bed tax for business lodging

Primary

Sponsor: Doug Mood

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
Expenditures:		
General Fund	\$106,398	\$82,593
State Special Revenue	(\$1,589,975)	(\$1,637,658)
Revenue:		
State Special Revenue	(\$1,589,975)	(\$1,637,658)
Net Impact on General Fund Balance:	(\$106,398)	(\$82,593)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Revenue:

1. HB672 is effective upon passage and approval and applies retroactively to lodging facility use taxes imposed after December 31, 1998.
2. The level of lodging facility use taxes paid by non-resident business travelers is estimated to be \$1,540,264 in FY 2000 and \$1,586,457 in FY 2001. Approximately 25% of non-resident business travelers will apply for a refund of the lodging facilities use tax. Total projected collections are reduced by \$385,066 in FY 2000 and \$396,614 in FY 2001.

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3. Approximately 27% of business travelers are Montana residents. This estimate is applied to the total forecasted collections, net of tax paid by non-residents, in order to estimate the total level of accommodations tax paid by resident business travelers within Montana. Therefore, total accommodations tax paid by resident business travelers is estimated to be \$2,409,817 in FY 2000 and \$2,482,087 in FY 2001. It is assumed that 50% of the accommodations tax paid by resident business travelers will be refunded, so total projected collections are reduced by \$1,204,909 in FY 2000 and \$1,241,044 in FY 2001.
4. The following table shows the distribution of accommodations tax revenue under current law and under the proposal. The table assumes total collections of \$10,465,513 in FY 2000 and \$10,779,373 in FY 2001.

HB0672 - Distribtuion of Accommodations Tax Revenue						
Account	FY2000			FY2001		
	CL	PL	Difference	CL	PL	Difference
Administration	150,000	150,000	0	150,000	150,000	0
General Fund	105,000	105,000	0	105,000	105,000	0
Montana Heritage Comm.	400,000	400,000	0	400,000	400,000	0
Balance for Distribution:	9,810,513	8,220,538	(1,589,975)	10,124,373	8,486,715	(1,637,658)
MT Historical Society	98,105	82,205	(15,900)	101,244	84,867	(16,377)
University System	245,263	205,513	(39,749)	253,109	212,168	(40,941)
Dept. of FWP	637,683	534,335	(103,348)	658,084	551,636	(106,448)
Dept. of Commerce	6,622,096	5,548,863	(1,073,233)	6,833,952	5,728,533	(1,105,419)
Regional Nonprofits	2,207,365	1,849,621	(357,744)	2,277,984	1,909,511	(368,473)
Total Collections	10,465,513	8,875,538	(1,589,975)	10,779,373	9,141,715	(1,637,658)

Department of Administration:

5. Refunds will be made to business travelers filing independently and to businesses filing on behalf of their employees.
6. Individuals will file for the refunds on an annual basis and the first opportunity to obtain the refunds will occur after December 31, 1999.
7. There will be approximately 77,812 filers for refunds.
8. The cost per printed check from the Department of Administration is \$.50143. The total printing cost is estimated to be \$39,018 per year.
9. There will be approximately 15,562,500 keystrokes associated with the 77,812 filers.
10. The cost per keystroke is \$.0028. The total data entry costs is estimated to be \$43,575.
11. It is assumed that POINTS will be up and running before refund requests are made. Computer programming costs and related expenditures are estimated to be \$23,805.

Department of Commerce / Travel Montana:

12. The department would reduce expenditures in marketing, publications, and infrastructure programs. The department would also eliminate 3.00 FTEs.

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13. The Montana Historical Society would reduce its signage program by \$15,900 in FY 2000 and \$16,377 in FY 2001. The Institute for Tourism and Recreation research would reduce its research program by \$39,749 in FY 2000 and \$40,941 in FY 2001.

Fish, Wildlife and Parks:

14. The business expense refund will reduce the department share of the lodging facility use tax by \$103,348 in FY 2000 and \$106,448 in FY 2001. This will cause a matching reduction in park maintenance program expenditures.
15. None of the affected agencies are listed separately in the fiscal impact below.

FISCAL IMPACT:

Department of Revenue:	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Operating Expenses	\$106,398	\$82,593
<u>Funding:</u>		
General Fund (01)	\$106,398	\$82,593
<u>Revenues:</u>		
State Special Revenue (02) (See Table)	(\$1,589,975)	(\$1,637,658)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$106,398)	(\$82,593)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Revenues and expenditures of local non-profit tourism organizations would decrease.

LONG-RANGE IMPACTS:

Regional and statewide marketing efforts would be reduced.